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INFO RUEHBJ/AMEMBASSY BEIJING 3154
RUEHLM/AMEMBASSY COLOMBO 6494
RUEHKA/AMEMBASSY DHAKA 6504
RUEHIL/AMEMBASSY ISLAMABAD 9541
RUEHKT/AMEMBASSY KATHMANDU 7183
RUEHMO/AMEMBASSY MOSCOW 9431
RUEHKO/AMEMBASSY TOKYO 3651
RUEHCI/AMCONSUL CALCUTTA 5560
RUEHCG/AMCONSUL CHENNAI 5577
RUEHKP/AMCONSUL KARACHI 4931
RUEHLH/AMCONSUL LAHORE 2893
RUEHBI/AMCONSUL MUMBAI 4801
RUEHPW/AMCONSUL PESHAWAR 3535
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RUEIDN/DNI WASHINGTON DC
RHHMUNA/CDR USPACOM HONOLULU HI
RUCNDT/USMISSION USUN NEW YORK 1801
RHMFISS/HQ USCENCOM MACDILL AFB FL
RUEHGV/USMISSION GENEVA 4101
RHHMUNA/HQ USPACOM HONOLULU HI
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TAGS: [KACT](#) [KNNP](#) [KSTC](#) [MNUC](#) [PARM](#) [PGOV](#) [PINR](#) [PINS](#) [PREF](#)
PREL, IN, IR
SUBJECT: GOI AGREES WITH P5+1 INCENTIVE FOR IRAN

REF: SECSTATE 119436

Classified By: A/PolCouns Jon P. Dorschner for reasons 1.4 (B,D)

¶1. (C) Summary: Poloff delivered reftel on July 24. MEA Undersecretary Jayant Khobargade (Disarmament and International Security) expressed GOI support for the initiative. Iranian Foreign Minister Manochehr Mottaki confirmed in an Indian television interview that several high-profile and critical energy deals between Iran and India seem to have hit the skids, blaming this outcome on Indian objections to Iranian price increases. There could be more to it than this, however, as Teheran may be using the energy deals to get back at New Delhi for its stance in the IAEA. End Summary.

Indians Critical of Iranian Nuclear Objectives

¶2. (C) Poloff delivered reftel to MEA Undersecretary Jayant Khobargade (Disarmament and International Security) on July ¶24. Khobargade stated that the GOI fully supports this initiative and the P5 1 offer to Iran, and promised to forward it to his superiors.

¶3. (U) On July 23, the Indian television news channel NDTV broadcast an interview with Iranian Foreign Minister Manochehr Mottaki, in which he replied to Indian Prime Minister Manmohan Singh's publicly voiced concerns about Iran's nuclear ambitions. In the interview, Mottaki stated "we are transparent, Iran does not want and does not need nuclear weapons."

Indian-Iranian Energy Deals Ready to go up in Smoke

14. (U) Mottaki also expressed doubt in the same interview that two critical energy deals between Iran and India will be completed, citing "changing circumstances from the time the deal was signed." Iran reportedly signed an agreement in 2005 to supply India with 5 million tons of Liquefied Natural Gas for USD 22 billion. According to Indian media. Iran is now seeking to raise the original price, from USD 3.25 to USD 5.1 per million BTUs.

15. (U) The Associated Press reported on July 23 that Iran is also trying to renegotiate prices on the gas-pipeline deal it had made with India. Iran reportedly wants the gas price linked to international oil prices, starting at USD 7.2 per million BTUs - but India has said it wants to pay no more than USD 4.25. The GOI is reportedly looking at legal methods of enforcing the contract over Iran's objections.

India's IAEA Stance Effecting Energy Deals

16. (C) Though Mottaki denied any linkage between Iran's last-minute holdup on the energy deals and India's critical stance on Iran's nuclear ambitions, the timing seems suspicious. India has twice voted against Iran in the IAEA, and the Indian Prime Minister spoke out recently in Parliament that "it is not in India's interest to have a nuclear-armed Iran." Soon afterwards, Foreign Minister Mottaki canceled his scheduled ministerial visit to India, and four days later publicly announced that Iran is rethinking its prior commitments to India on the LNG energy deal that India desperately needs. (NOTE: The gas pipeline

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deal has been troubled for some time, and was expected to fail.) Iran could be hitting back at India for its IAEA stance, using oil as a stick.
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